

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the) Application No. C-3859
Application of Sage Telecom,)
Inc., Allen, Texas, seeking)
authority for a Certificate of)
Public Convenience and) GRANTED
Necessity to provide Resold)
and Facilities-Based Local)
Exchange and Interexchange)
Telecommunications Services in)
the State of Nebraska.) Entered: December 11, 2007

BY THE COMMISSION:

By its application filed September 11, 2007, Sage Telecom, Inc. (Sage or Applicant), of Allen, Texas, seeks authority to provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services in the State of Nebraska. Notice of the application was published in the Daily Record, Omaha, Nebraska, on September 12, 2007. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N S A N D F I N D I N G S

Applicant is a corporation organized under the laws of the State of Texas. Applicant's principal office is located in Allen, Texas. Applicant is authorized to transact business in the State of Nebraska. Applicant has been authorized to provide interexchange services in Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma and Wisconsin.

Applicant has been subject to a proceeding in Indiana and has entered into an Assurance of Voluntary Compliance (AVC) with the Indiana Attorney General regarding allegations of violations of the "do not call" rules. While not admitting any liability, Applicant agreed to a civil penalty of \$22,000 and agreed to certain monitoring and compliance requirements.

Applicant seeks authority to provide both facilities-based and resold local exchange and interexchange telecommunication services throughout the State of

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Nebraska. Applicant's facilities-based local exchange service will be provided via (1) wholesale agreements with incumbents (2) Sage's own facilities, or (3) a combination thereof. Sage seeks the full range of resold and facilities-based local exchange and interexchange authority so that they can have flexibility in provisioning services in the future. Applicant intends to offer interexchange services statewide.

Initially, Applicant intends to offer local exchange service in areas served by Qwest Communications and does not plan to provide service in areas of any small or rural local exchange carriers. However, Sage seeks statewide authority so that it may expand into other areas as market conditions warrant and as additional service areas become open to competition.

Applicant states it possesses the necessary expertise and management team to serve Nebraska customers. Sage's Nebraska operations will be directed by its existing corporate management, technical and operations staff responsible for the operations in other states. In Exhibit D, filed with the Applicant's application, Applicant provided profiles of its key executive and technical management.

Applicant also states it possesses the necessary financial ability to provide the proposed services statewide. Financial information demonstrating Sage's financial fitness was provided under seal as Exhibit C to the application.

Applicant states a grant of this application will serve the public interest by increasing competition in the provision of telecommunications services in Nebraska. Sage intends to provide customers high quality, cost effective services with an emphasis on customer service.

The Commission considers this application for authority in light of the following criteria and standards established in the Commission's telecommunications rules:

- (a) Whether the Applicant has provided the information required by the Commission;
- (b) Whether the Applicant has provided a performance bond, if required;

- (c) Whether the Applicant possesses adequate financial resources to provide the proposed service;
- (d) Whether the Applicant possesses adequate technical competence and resources to provide the proposed service;
- (e) Whether the Applicant possesses adequate managerial competence to provide the proposed service; and
- (f) Whether granting the Applicant a certificate preserves and advances universal service, protects the public safety and welfare, ensures the continued quality of telecommunications services and safeguards the rights of consumers, pursuant to Section 253(b) of the Act.

On review of the application, the Commission finds Applicant has demonstrated that it meets the standards of financial, technical, and managerial competence and all other criteria necessary to provide local exchange and interexchange services in the State of Nebraska. The Commission further finds a grant of the application will service the public interest.

These opinions and findings carry no precedential value other than establishing minimum standards and criteria to apply when considering applications to provide interexchange and local exchange services. All telecommunications carriers seeking such a certificate must demonstrate that they meet, at a minimum, the standards and criteria set forth herein.

Before Applicant is allowed to provide local exchange service to its users, it must either:

1. Through negotiation or arbitration, reach an interconnection/resale agreement with the pertinent incumbent local exchange carrier and receive Commission approval of the interconnection/resale agreement; or
2. In the event a certified local exchange carrier provides a wholesale tariff, purchase rates from

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that tariff, file its own tariff and receive Commission approval of its tariff.

This order does not terminate, waive or in any manner diminish the exemptions and protections created by the Act for rural carriers, as defined by the Act. This order does not address the issue of the rural local exchange carrier exemption under the Act. Rural exemptions may be terminated, suspended or modified only as provided in Section 251(f) of the Act.

Prior to providing service in any area in the State of Nebraska, Applicant must file tariffs in accordance with the provisions of Section 002.21 of the Neb. Admin. R. & Regs. Title 291, Ch. 5.

Upon the offering of interexchange and/or local exchange services in the State of Nebraska, Applicant would be subject to the same laws, rules and regulations, both federal and state (including any laws, rules or regulations regarding universal service, restrictions on joint marketing and quality of service), applicable to any other local exchange company except those obligations imposed on ILECs pursuant to Section 251(c) of the Act.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-3859 be, and hereby is, granted.

IT IS FURTHER ORDERED that Applicant is obligated to abide by the same laws, rules and regulations, both federal and state (including any laws, rules or regulations regarding universal service, restrictions on joint marketing and quality of service), applicable to any other interexchange and local exchange carriers, except obligations imposed on incumbent local exchange carriers pursuant to Section 251(c) of the Act.

IT IS FURTHER ORDERED that, to the extent Applicant provides access line service as referenced in the Telecommunications Relay System Act, Neb. Rev. Stat. §§ 86-301 through 86-315(Relay Act) and defined in Neb. Admin. R. & Reg. Title 291, Ch. 5 § 001.01B, the Applicant shall collect from its subscribers a surcharge (Relay Surcharge) pursuant to the relay act and the Commission's annual

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orders establishing the amount of the surcharge, and shall remit to the Commission the proceeds from the relay surcharge as provided by the Relay Act.

IT IS FURTHER ORDERED that the Applicant comply with all necessary statutes and Commission Rules and Regulations as they pertain to the Nebraska Universal Service Fund.

IT IS FURTHER ORDERED that Applicant shall file, in accordance with the applicable statutes, on or before April 30 of each year, an annual report with the Commission consisting of: (a) a copy of any report filed with the Federal Communications Commission; (b) a copy of any annual report to stockholders; and (c) a copy of the latest Form 10-K filed with the Securities and Exchange Commission. If such reports are unavailable, Applicant shall file a balance sheet and income statement for the previous year of operation, and for the State of Nebraska on a combined interstate-intrastate basis, the investment in the telephone plant and equipment located within the state, accumulated depreciation thereon, operating revenues, operating expenses and taxes.

IT IS FURTHER ORDERED that within 30 days from the entry of this order that the Applicant file a tariff and pay appropriate filing fees with the Commission as required by state statutes and the Commission's regulations.

IT IS FINALLY ORDERED that this order be, and hereby is, made the Commission's official Certificate of Public Convenience and Necessity to the Applicant to provide facilities-based and resold interexchange and local exchange telecommunications services in the State of Nebraska.

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MADE AND ENTERED at Lincoln, Nebraska, this 11th day
of December, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Donald L. Vgo *Frank E. Landis*
vice Chairman

Adam P. Boyle

Tim Schuman

ATTEST:

//s// Frank E. Landis

Michael J. Hall
Executive Director